GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3432
ANSWERED ON:15.12.2006
INTEREST ON HOME
Mehta Shri Bhubneshwar Prasad

Will the Minister of FINANCE be pleased to state:

(a) whether the banks and financial institutions providing home loans are charging high rate of interest from the customers by keeping them in the dark as reported in Dainik Jagran dated November 1, 2006;

(b) if so, the facts and the details thereof;

(c) whether the: Government has taken any actiion against such banks/financial institutions;

(d) if so, the details thereof;

(e) whether the Reserve Bank of India has given any directions in this regard; and

(f) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (f) : The Reserve Bank of India (RBI), in its mid-term Review of Annual Policy for the yesir 2006-07, has pointed out that some banks, while lending for housing are not fully transparent in indicating the circumstances and factors governing the benchmark in respect of floating rates as well as in regard to reset clauses. Banks are, therefore, urged to review all practices which are less than fair or transparent. Banks are also urged to afford an opportunity to borrowers to obtain fair and transparent terms consistent with legal requirements and fair practices.